

STATE OF TEXAS
COUNTIES OF POTTER
AND RANALL
CITY OF AMARILLO

On the 21st day of July 2014, the Amarillo City Council met for a Special Meeting at 5:30 p.m. at the Amarillo Civic Center, Heritage Room, 401 South Buchanan Street to discuss a possible municipal regulation for payday lending and auto title loans.

Members present:

PAUL HARPOLE	MAYOR
ELLEN ROBERTSON GREEN	COUNCILMEMBER NO. 1
BRIAN EADES	COUNCILMEMBER NO. 2
LILIA ESCAJEDA	COUNCILMEMBER NO. 3
JIM SIMMS	COUNCILMEMBER NO. 4

Absent were none. Also in attendance were the following administrative officials:

JARRETT ATKINSON	CITY MANAGER
VICKI COVEY	DEPUTY CITY MANAGER
MARCUS NORRIS	CITY ATTORNEY
CLAUD DRINNEN	DEPUTY CITY ATTORNEY
FRANCES HIBBS	CITY SECRETARY

Mayor Harpole established a quorum, introduced Brett Merfish, Texas Appleseed and Councilmember Jerry Allen, City of Dallas.

ITEM 1: PAYDAY LENDING AND AUTO TITLE LOANS - POSSIBLE MUNICIPAL REGULATION:

Mayor Harpole began the meeting at 5:30 p.m. and introduced Councilmembers Ellen Green, Lilia Escajeda and Jim Simms.

Mayor Harpole explained the object of today's meeting was to learn about payday and title loans. He further stated they would hear from Brett Merfish, Texas Appleseed and Jerry Allen, City of Dallas Councilmember. The Amarillo City Council would hear from all sides, plan future meetings and perhaps hold public hearings to consider enacting a City ordinance.

Councilmember Escajeda introduced the guest speakers.

Presentations:

Brett Merfish stressed the need for regulations of payday and title lendings. These types of loans are secured by income, picture id, post-dated checks or electronic access to accounts. The Consumer never interacts with the Lender. The loan companies simply charge the fees, arrange collection and guarantees for the loans. Interest rates range from 400% to 1000% APR. Most loans last longer than two weeks up to one month. Due to constantly refinancing these loans, Consumers cannot pay back the lump sum, plus fees and interest, and only pay fees and interest to buy more time which repeats the cycle and consumer never pays down the loan balance. There are also no limits on fees, interest rates, size of loans and number of refinances. The loan may only be based on income. Texans are paying more interest on these types of loans. On a 14-day \$500 loan, Texans averages \$110 in interest, Oklahoma \$65 interest, while Florida is only \$55 interest. Payday loans cripple the community, and in most cases leaves the consumer in worse financial shape. Charitable organizations state that 32% of their clientele have had payday or title loans. Amarillo had 4 stores 2005, and now there are 24 stores.

Ms. Merfish stated local action would help citizens of cities avoid the cycle of debt, galvanize community support and push back against Lobbyists on payday loans and

title loans at the state level. A local ordinance could set basic affordability standards on what borrowers can actually repay by setting loan amounts which could not exceed 20% of borrower's gross monthly income, and auto loans which could not exceed 3% of borrower's gross annual income or 70% of the vehicle's value. An ordinance can also limit number of installments and the number of rollovers or renewals to three and require that proceeds from each installment or renewal must reduce the loan principle by 25%.

Jerry Allen presented a recording of his testimony to the Texas Legislature regarding payday and title loans asking them to pass meaningful reform. Mr. Allen stated the City of Dallas passed an ordinance and was later sued by some loan companies. He further stated they sought partnerships with banks, credit unions, FDIC, police department and the news media to adhere to this issue. He stated the movement seemed to bring everyone together. They worked together to provide financial education. They understood the need for the services but were asking for fairness, reasonable rates, and the need to make sure citizens were being protected. The zoning of land use in the ordinance states loan offices cannot be 1,000' within similar offices. They must be 300' from a residential neighborhood and 500' from major thoroughfares. They must have a Certificate of Occupancy, so they must come before the Zoning Commission and have a public hearing. He stated since passing the ordinance, not one payday or title lending company has applied for a Certificate of Occupancy. City of Dallas was sued within three weeks after passing the ordinance by the payday and title loan companies. The City of Dallas won the court cases and the Fifth Circuit Court of Appeals affirmed. He stated it was people coming together for the common good of everybody. Working together like they never worked together before and asking for financial literacy. He further stated the City of Dallas is currently working on Community Loan Centers. He stated he believed within a year you will see them operating with reasonable interest rates and this would send the message that we will not allow our citizens to be taken advantage of.

Comments:

Amanda Cruz, address unknown, inquired if the City of Dallas' ordinance applied to online payday loans as well. Mr. Allen answered they have started watching the online loans and are working very closely with consumer protection agencies. Alan Abraham, 7205 Southwest 35th Avenue, inquired how the City of Dallas would structure the Community Loan Centers. Mr. Allen replied the application was at the State level to be approved, businesses with 10 or more employees would have to sign up and would run like a credit union, relatively simple after receiving the license and raising capital. Kelley Stephens, 200 South Tyler Street, inquired if there was anything in the ordinance to see if borrower's have other loans. Ms. Merfish answered at this time there was not. She stated it was very hard to enforce, but other states have created state-wide databases. Unintelligible, inquired as to how statewide databases work in other states. Ms. Merfish stated the industry pays licensing fees to fund the databases.

Mayor Harpole, introduced Councilmember Brian Eades who arrived at 6:15 p.m.


Jeannette Kelley, stated the League of Women Voters were also addressing this issue and she was glad the City of Amarillo was addressing the issue today. David Ratliff, 4322 Charles Street, inquired if there were any statistics showing progress or successes with the financial education. Mr. Allen responded that United Way and Catholic Charities provided training. He also stated people have shown an interest, they are closer knit, and it has had a huge ripple effect. He further stated they have also started doing Earned Income Tax Credit, offering free taxpayer preparations, and teaming up with services already available. Allen Finegold, 2601 North Grand Street, gave his recommendations such as circulating a model contract for short term loans and to consider limited interest rates to 120%. Broc Carter, 2502 South Harrison Street, representing the High Plains Food Bank, inquired if bills that die ever get reintroduced with the Legislature. Brett Merfish stated they normally do not. She also stated the City of Dallas attorneys defended the lawsuits in-house and have stated their willingness to help. Jerry Allen encouraged the local community to stay unified.

Conclusion/Closing:

Councilmember Green appreciated time everyone's time. She further stated it was a big concern for people who are desperate for money. Amarillo City Council will look into an future ordinance. She encouraged everyone to write Four Price, John Smithee, and Kel Seliger for a state database, for the community to provide financial education and possibly consider community loans. Councilmember Eades stated the values of having a diverse Council and the backgrounds they bring to the table. He was appreciative of Councilmember Escajeda for bringing this issue to their attention. Mayor Harpole stated Councilmember Escajeda works with "Bank On" and the schools, training financial responsibility and the importance in getting education on this subject. Councilmember Escajeda thanked all the partners in attendance. She stated some banks do make small loans. She further stated that Amarillo Area Foundation is trying to address some of these needs. Mayor Harpole reiterated the need and ability to loan money to people and he was anxious to learn more. He requested more input from the public on these important issues. He thanked guests and those in attendance.

Mayor Harpole advised that the meeting was adjourned at 6:44 p.m.

ATTEST:



Frances Hibbs, City Secretary



Paul Harpole, Mayor